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Ryan: Balanced Budget in Reach Reaction to CBO Projections

Congress is within reach of balancing the budget without raising taxes, if significant entitlement reforms are enacted within the next 5 years, according to Representative Paul Ryan (R-WI), Ranking Republican on the House Budget Committee. Ryan based his conclusion on a committee staff analysis of today's budget outlook by the Congressional Budget Office [CBO].

CBO's projections show the deficit falling from \$248 billion in FY06 to \$172 billion in FY07 – primarily the product of robust federal revenues. CBO notes, however, that when additional appropriations for Iraq are enacted, the deficit will be “in the vicinity of \$200 billion” in FY07.

The Budget Committee analysis of CBO's future projections shows – *assuming the permanent extension of the 2001 and 2003 tax relief* – the deficit will fall to \$5 billion in 2012, with an average deficit of \$53 billion per year from 2013 to 2017. This gap could be closed, Ryan said, by enacted meaningful entitlement reforms and reasonable limits on other spending. Said Ryan:

“Today's CBO figures – when adjusted for realistic assumptions – show that pursuing entitlement reform now is the key to achieving a balanced budget in the near term. It is also the key to addressing the longer-term challenges we face with the coming retirement of the baby boom generation.

“At a Budget Committee hearing this week, we heard convincing arguments that government entitlement programs – especially Social Security, Medicare, and Medicaid – can be sustained only if we undertake fundamental, structural reform, and as soon as possible. Without such reforms, these programs will overwhelm the budget and jeopardize the health of our economy.

“It is my hope that the Budget Committee will come together, in a bipartisan way, to lead the effort to get government spending on a sustainable path.”

The committee staff analysis was based on figures published today in CBO's *The Budget and Economic Outlook: Fiscal Years 2008-2017*. The analysis then removed two CBO assumptions that tend to distort the budgetary outlook. First, the analysis drops one-time supplemental spending amounts after the year for which they are enacted, while CBO continues to carry them year after year. Second, the staff analysis assumes the permanent extension of tax laws in place today – including the provisions of the 2001 and 2003 tax relief measures, which CBO assumes will expire after 2011.

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